

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeene G. Kelly.

Jersey Central Power & Light Company, *et al.*

Docket No. ER06-306-000

ORDER ACCEPTING PROPOSED TARIFF REVISIONS
FOR FILING, SUBJECT TO REVISION

(Issued February 6, 2006)

1. On December 9, 2005, Jersey Central Power & Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company (collectively, FirstEnergy Companies) submitted, pursuant to section 205 of the Federal Power Act (FPA),¹ proposed tariff revisions to their Energy Procedure Manual for Determining Supplier Peak Load Share (Manual), as incorporated at Attachment N to the PJM Interconnection, L.L.C. (PJM) open access transmission tariff (OATT). FirstEnergy Companies state that pursuant to section 9.1(e) of the PJM OATT, they have the exclusive right to file their proposed revisions under FPA section 205. For the reasons discussed below, we will accept FirstEnergy Companies' proposed tariff revisions for filing, subject to revision.

Background

2. FirstEnergy Companies state that the Manual defines the process that the FirstEnergy Companies and Third Party Suppliers in New Jersey and Electric Generation Suppliers in Pennsylvania (collectively, Suppliers) are required to follow when calculating and coordinating the information transfer for retail open access associated with the Suppliers' unforced capacity and transmission service obligations in the FirstEnergy Company Zones of PJM's transmission system.

3. FirstEnergy Companies state that the current procedures reflected in the Manual rely upon, and contemplate the use of, an internally-built mainframe system (the Retail Settlement System, or RSS), a system that was developed over five years ago and is now out-of-date. In place of this existing technology, FirstEnergy Companies propose to rely upon a more efficient process, known as Energy Vision Enterprise (EVE), the same

¹ 16 U.S.C. § 824d (2000).

system that is currently used for daily settlements in PJM. FirstEnergy Companies assert that by using the Capacity Module, a component within the EVE system, FirstEnergy Companies will be able to incorporate full usage of the EVE System by using actual data used for the settlement process. FirstEnergy Companies state that, in addition, the EVE system data is system-generated, which will allow for a simplified process. FirstEnergy Companies request waiver of the Commission's 60-day prior notice requirement to permit an effective date of January 1, 2006.

Notice Of Filing And Responsive Pleadings

4. Notice of FirstEnergy Companies' filing was published in the *Federal Register*² with interventions and protests due on or before December 30, 2006. A motion to intervene and comments were timely filed by Gerdau Ameristeel Corporation (Gerdau). In its comments, Gerdau states that it has received verbal assurances from FirstEnergy Companies that their proposed tariff revisions will have no material impact on the way in which hourly metered customers' capacity and transmission obligations are calculated and that no adverse impact will occur for Gerdau or other hourly metered customers. Nonetheless, Gerdau asserts that FirstEnergy Companies should be required to demonstrate that their proposed transfer of key provisions to their website and their proposed reliance on PJM business rules as the basis for calculating obligations is appropriate, and will not adversely affect Gerdau. Gerdau also states that FirstEnergy Companies refer customers to unidentified provisions of the "zonal allocation method and business rules currently in effect by PJM" and fail to state whether this method and these rules are part of a Commission-approved tariff or even where to find such rules.

5. On January 9, 2006, FirstEnergy Companies filed an answer to Gerdau's comments, clarifying the operation and effect of their proposed tariff revisions. FirstEnergy Companies state that under their proposed revisions, the methodology that will be used to calculate Gerdau's peak load share is identical to the methodology utilized by the RSS mainframe system, *i.e.*, "[a]ctual metered loads for (hourly) interval-metered customers are adjusted to include any load curtailed as a result of Active Load Management (ALM) events."

6. FirstEnergy Companies also respond to Gerdau's concern that FirstEnergy Companies' proposed reference to the "zonal allocation method and business rules currently in effect by PJM" is vague. FirstEnergy Companies respond that the intent of the proposed language was simply to make clear that the FirstEnergy Companies, in

² 70 Fed. Reg. 76,803 (2005).

calculating a customer's peak load, will be required to follow PJM's rules.³ FirstEnergy Companies state that for further clarity, however, they are agreeable to modifying this language so that it reads as follows" "[i]n calculating customer peak load tickets, the Company shall follow current PJM methodologies and business rules."

Discussion

A. Procedural Matters

7. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁴ the timely, unopposed motions to intervene submitted by Gerdau serve to make it a party to this proceeding. Rule 213(a) of the Commission's Rules of Practice and Procedure prohibits an answer to a protest unless otherwise permitted by the decisional authority. We will accept FirstEnergy Companies' answer because it has provided information that assisted us in our decision-making process.

B. Analysis

8. For the reasons discussed below, we will accept FirstEnergy Companies' proposed changes to the Manual, subject to revision, effective January 1, 2006, as requested.⁵ We agree with FirstEnergy Companies that its proposed tariff revisions are necessary and appropriate in order to accommodate a more efficient, technologically advanced process for calculating and coordinating the information transfer process associated with suppliers' unforced capacity and transmission service obligations in the FirstEnergy Companies' zones. We also agree that these revisions will have no material impact on the way in which hourly metered customers' capacity and transmission obligations are calculated. We find that FirstEnergy Companies' proposed reliance on PJM's business rules is appropriate, subject to the revision required below.

³ The Manual notes, for example, that the Zonal Peak Load Shares that FirstEnergy Companies are required to allocate to the customers in their zones must first be assigned to each zone by PJM.

⁴ 18 C.F.R. § 385.214 (2005)

⁵ See *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992).

9. FirstEnergy Companies propose, in their answer, to clarify the reference made in their filing to the “zonal allocation method and business rules currently in effect by PJM.” FirstEnergy Companies propose the following modification in order to clarify the scope and reach of this provision: “[i]n calculating customer peak load tickets, the Company shall follow current PJM methodologies and business rules.” We will accept FirstEnergy Companies’ proposed clarification and will direct FirstEnergy Companies to make a compliance filing incorporating this proposed language within 30 days of the date of this order. Reliance on PJM’s rules, as proposed, is appropriate, given the PJM data on which FirstEnergy Companies are required to rely.

The Commission orders:

(A) FirstEnergy Companies’ proposed tariff sheets⁶ are hereby accepted for filing, subject to revision, to become effective January 1, 2006, as discussed in the body of this order.

(B) FirstEnergy Companies is directed to make a compliance filing reflecting the changes required in the body of this order within 30 days of the date of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

⁶ Second Revised Sheet No. 466A, First Revised Sheet Nos. 467 and 468, Original Sheet Nos. 468A and 468B, First Revised Sheet Nos. 469-480 to PJM Interconnection, L.L.C. FERC Electric Tariff, Sixth Revised Volume No. 1.